

COMPANY REGISTRATION NUMBER: 09359735

THE PIONEER (CITY) PUB COMPANY LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

31 MARCH 2019



THE PIONEER (CITY) PUB COMPANY LIMITED
FINANCIAL STATEMENTS
PERIOD FROM 26 MARCH 2018 TO 31 MARCH 2019

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THE PIONEER (CITY) PUB COMPANY LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Mr A Bruce
Mr J Watson
Mr P McDonald
Mr R Prickett

Registered office

1st Floor
2 Wardrobe Place
London
United Kingdom
EC4V 5AH

Auditor

BSG Valentine (UK) LLP
Chartered Accountants & Statutory Auditor
Lynton House
7 - 12 Tavistock Square
London
WC1H 9BQ

THE PIONEER (CITY) PUB COMPANY LIMITED
STRATEGIC REPORT
PERIOD FROM 26 MARCH 2018 TO 31 MARCH 2019

Principal activity

The principal activity of the company continued to be the development and management of public houses.

Fair review of the business

The company continues to operate three sites. During the period, one of the sites was extensively re-developed.

The key financial highlights are as follows:

	Period ended 31/03/19	Period ended 25/03/18
Turnover	£3.2m	£2.5m
Turnover growth	25.6%	49.8%
Gross profit margin	70.0%	67.5%
Loss before tax	(£43k)	(£222k)
Current ratio	1.27	2.05

The company performance has been strong over the 2018-19 period. The Fire Station, The Button Factory and The Distillery all contributed significantly. The Frederick Street Townhouse opened at the end of the year and initial trading has been encouraging. The good weather during the summer had a strong impact, with The Button Factory and The Distillery benefitting with their urban gardens. Similarly the football World Cup was well suited to our estate and brought some very strong trading weeks. Like for like growth was above 20% and this performance is reflected in the improved gross margin.

Principal risks and uncertainties

The company continually looks to mitigate and minimise potential risks and uncertainties, which we recognise, amongst others, to be: loss of key suppliers; loss of trade; loss of key personnel; theft; health and safety compliance; cyber breaches; loss of liquidity; regulatory and other changes in the macro-economic environment.

In mitigation of the above: the company has very good connections with numerous large and bespoke suppliers and an excellent credit history. It has access to a large pool of operational and managerial personnel to ensure business continuity. It has well-located sites in attractive and busy locations and continually assesses the quality and type of offer to ensure attractiveness. Theft is mitigated by robust systems and the low level of cash purchases now made, these same systems are GDPR-approved and contain encryption and other techniques to prevent cyber-crime. The company enjoys a strong relationship with its bank and is well connected in this area, and employs consultants to ensure health standards are vigorously upheld in its sites. Regarding the macro environment there is always risk of unfavourable legislation or higher interest rates or beer duty, however the company maintains high levels of reserves, good freehold backing and light leverage of no more than 30% to ensure there is very good buffering in the event of a general downturn.

This report was approved by the board of directors on 19/12/19 and signed on behalf of the board by:


Mr J Watson
Director

Registered office:
1st Floor
2 Wardrobe Place
London
United Kingdom
EC4V 5AH

THE PIONEER (CITY) PUB COMPANY LIMITED

DIRECTORS' REPORT

PERIOD FROM 26 MARCH 2018 TO 31 MARCH 2019

The directors present their report and the financial statements of the company for the period ended 31 March 2019.

Directors

The directors who served the company during the period were as follows:

Mr A Bruce
Mr J Watson
Mr P McDonald
Mr R Prickett

Dividends

The directors do not recommend the payment of a dividend.

Future developments

The company will continue in its principal activity.

The directors continue to review the marketplace with a view to continuing growth, identifying opportunities and manage the risks facing the business.

THE PIONEER (CITY) PUB COMPANY LIMITED

DIRECTORS' REPORT *(continued)*

PERIOD FROM 26 MARCH 2018 TO 31 MARCH 2019

Financial instruments

The company holds or issues financial instruments in order to achieve three main objectives, being:

- (a) to finance its operations; and
- (b) for trading purposes.

Transactions in financial instruments result in the company assuming or transferring to another party one or more of the financial risks described below.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to another party by failing to discharge an obligation. The company's sales are not typically with deferred terms and the company's principal financial assets are bank balances and other receivables. The company monitors credit risk and considers that its exposure to credit risk is minimal with no significant concentrations of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments.

Liquidity risk

Liquidity risk is the risk that an entity will have difficulty in meeting its obligations associated with financial liabilities. The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable obligations. The company also manages liquidity risk via utilisation of credit facilities and share issues.

Price risk

Price risk arises on financial instruments because of changes in market prices. The company has no exposure to price risk as it has it hold no investment assets subject to changes in market prices.

Cash flow risk

Cash flow risk is the risk of exposure to variability in cash flows attributable to a particular risk associated with a recognised asset or liability, for example interest payments.

The company seeks to manage interest rate risk by monitoring interest rates on variable rate borrowings and fixing when necessary. The company considers that its exposure to interest rate risk is minimal.

The company has no exposure to exchange rate risk as it has no foreign currency transactions.

The company has not entered into any hedging arrangements.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

THE PIONEER (CITY) PUB COMPANY LIMITED

DIRECTORS' REPORT *(continued)*

PERIOD FROM 26 MARCH 2018 TO 31 MARCH 2019

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on19/12/19..... and signed on behalf of the board by:



Mr J Watson
Director

Registered office:
1st Floor
2 Wardrobe Place
London
United Kingdom
EC4V 5AH

THE PIONEER (CITY) PUB COMPANY LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PIONEER (CITY) PUB
COMPANY LIMITED
PERIOD FROM 26 MARCH 2018 TO 31 MARCH 2019

Opinion

We have audited the financial statements of The Pioneer (City) Pub Company Limited (the 'company') for the period ended 31 March 2019 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

THE PIONEER (CITY) PUB COMPANY LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PIONEER (CITY) PUB
COMPANY LIMITED (continued)**

PERIOD FROM 26 MARCH 2018 TO 31 MARCH 2019

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

THE PIONEER (CITY) PUB COMPANY LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PIONEER (CITY) PUB
COMPANY LIMITED *(continued)*

PERIOD FROM 26 MARCH 2018 TO 31 MARCH 2019

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

THE PIONEER (CITY) PUB COMPANY LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PIONEER (CITY) PUB
COMPANY LIMITED (continued)**

PERIOD FROM 26 MARCH 2018 TO 31 MARCH 2019

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BSG Valentine UK LLP

Luke Richardson BSc FCA (Senior Statutory Auditor)

For and on behalf of
BSG Valentine (UK) LLP
Chartered Accountants & Statutory Auditor
Lynton House
7 - 12 Tavistock Square
London
WC1H 9BQ

20.12.2019

THE PIONEER (CITY) PUB COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
PERIOD FROM 26 MARCH 2018 TO 31 MARCH 2019

	Note	Period from 26 Mar 18 to 31 Mar 19 £	Period from 27 Mar 17 to 25 Mar 18 £
Turnover	4	3,195,590	2,543,785
Cost of sales		<u>(957,292)</u>	<u>(827,420)</u>
Gross profit		2,238,298	1,716,365
Administrative expenses		<u>(2,251,232)</u>	<u>(1,915,382)</u>
Operating loss	5	(12,934)	(199,017)
Other interest receivable and similar income	9	683	212
Interest payable and similar expenses	10	<u>(30,882)</u>	<u>(23,133)</u>
Loss before taxation		(43,133)	(221,938)
Tax on loss	11	<u>—</u>	<u>—</u>
Loss for the financial period		<u>(43,133)</u>	<u>(221,938)</u>
Share issue costs		<u>—</u>	<u>(2,500)</u>
Total comprehensive income for the period		<u>(43,133)</u>	<u>(224,438)</u>

All the activities of the company are from continuing operations.

The notes on pages 14 to 22 form part of these financial statements.

THE PIONEER (CITY) PUB COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

31 MARCH 2019

	Note	31 Mar 19 £	25 Mar 18 £
Fixed assets			
Intangible assets	12	69,112	81,783
Tangible assets	13	5,203,092	4,284,054
		<u>5,272,204</u>	<u>4,365,837</u>
Current assets			
Stocks	14	63,419	48,014
Debtors	15	477,038	375,594
Cash at bank and in hand		155,714	347,763
		<u>696,171</u>	<u>771,371</u>
Creditors: amounts falling due within one year	16	<u>(549,705)</u>	<u>(375,396)</u>
Net current assets		146,466	395,975
Total assets less current liabilities		<u>5,418,670</u>	<u>4,761,812</u>
Creditors: amounts falling due after more than one year	17	<u>(1,516,115)</u>	<u>(816,124)</u>
Net assets		<u>3,902,555</u>	<u>3,945,688</u>
Capital and reserves			
Called up share capital	19	48,084	48,084
Share premium account	20	4,582,647	4,582,647
Profit and loss account	20	(728,176)	(685,043)
Shareholders funds		<u>3,902,555</u>	<u>3,945,688</u>

These financial statements were approved by the board of directors and authorised for issue on 19/12/19 and are signed on behalf of the board by:


Mr J Watson
Director

Company registration number: 09359735

The notes on pages 14 to 22 form part of these financial statements.

THE PIONEER (CITY) PUB COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
PERIOD FROM 26 MARCH 2018 TO 31 MARCH 2019

	Called up share capital £	Share premium account £	Profit and loss account £	Total £
At 27 March 2017	48,084	4,585,147	(463,105)	4,170,126
Loss for the period			(221,938)	(221,938)
Other comprehensive income for the period:				
Share issue costs	—	(2,500)	—	(2,500)
Total comprehensive income for the period	—	(2,500)	(221,938)	(224,438)
At 25 March 2018	48,084	4,582,647	(685,043)	3,945,688
Loss for the period			(43,133)	(43,133)
Total comprehensive income for the period	—	—	(43,133)	(43,133)
At 31 March 2019	<u>48,084</u>	<u>4,582,647</u>	<u>(728,176)</u>	<u>3,902,555</u>

The notes on pages 14 to 22 form part of these financial statements.

THE PIONEER (CITY) PUB COMPANY LIMITED

STATEMENT OF CASH FLOWS

PERIOD FROM 26 MARCH 2018 TO 31 MARCH 2019

	31 Mar 19 £	25 Mar 18 £
Cash flows from operating activities		
Loss for the financial period	(43,133)	(221,938)
<i>Adjustments for:</i>		
Depreciation of tangible assets	391,353	303,234
Amortisation of intangible assets	12,671	12,432
Other interest receivable and similar income	(683)	(212)
Interest payable and similar expenses	30,882	23,133
Accrued expenses	49,913	33,247
<i>Changes in:</i>		
Stocks	(15,405)	(3,211)
Trade and other debtors	(101,444)	(143,059)
Trade and other creditors	124,524	(9,668)
Cash generated from operations	448,678	(6,042)
Interest paid	(30,882)	(23,133)
Interest received	683	212
Net cash from/(used in) operating activities	<u>418,479</u>	<u>(28,963)</u>
Cash flows from investing activities		
Purchase of tangible assets	(1,310,391)	(586,666)
Net cash used in investing activities	<u>(1,310,391)</u>	<u>(586,666)</u>
Cash flows from financing activities		
Payments of share issue costs	-	(2,500)
Proceeds from borrowings	699,863	864,252
Net cash from financing activities	<u>699,863</u>	<u>861,752</u>
Net (decrease)/increase in cash and cash equivalents	(192,049)	246,123
Cash and cash equivalents at beginning of period	347,763	101,640
Cash and cash equivalents at end of period	<u>155,714</u>	<u>347,763</u>

The notes on pages 14 to 22 form part of these financial statements.

THE PIONEER (CITY) PUB COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 26 MARCH 2018 TO 31 MARCH 2019

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 1st Floor, 2 Wardrobe Place, London, EC4V 5AH, United Kingdom.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The company made a loss for the period to 31 March 2019 of £43,133 (2018: £221,938), and as at the period end has an accumulated loss as the balance of its profit and loss account of £728,176 (2018: £685,043).

However, at the period end the company has net current assets of £146,466 (2018: £395,975) and has total shareholders funds of £3,902,555 (2018: £3,945,688). Furthermore, the company has significant freehold and long leasehold assets which can either be realised or used to raise finance if required. The company continues to have the support of its investors, and the directors believe that should it be necessary, the company could also raise further finance from the issue of shares.

The company anticipates future profitability and is considered by the directors to be able to meet its liabilities as they fall due.

Based on this the directors are therefore of the opinion that it is appropriate to prepare the financial statements on a going concern basis.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

There are no significant judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies, that have an effect on the amounts recognised in the financial statements.

THE PIONEER (CITY) PUB COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
PERIOD FROM 26 MARCH 2018 TO 31 MARCH 2019

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty *(continued)*

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- Goodwill and amortisation - acquired goodwill is initially recorded at cost and then amortised over its estimated useful economic life. The carrying value of goodwill is reviewed by reference to the estimated value in use of the asset, and the estimated potential realisable amount on disposal.
- Tangible fixed assets and depreciation - tangible fixed assets are initially recorded at cost and are then depreciated over their estimated useful economic lives, as detailed in the below accounting policy. The carrying value of tangible fixed assets is reviewed by reference to the estimated value in use of the asset, and the estimated potential realisable amount on disposal.
- Deferred tax - deferred tax assets are recognised based upon the estimated timing and level of future taxable profits.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer, usually at the point of sale.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

THE PIONEER (CITY) PUB COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
PERIOD FROM 26 MARCH 2018 TO 31 MARCH 2019

3. Accounting policies *(continued)*

Goodwill

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed ten years.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	- Over 8 years
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If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property	- 2% straight line
Long leasehold property	- 2% straight line
Short leasehold property	- Over the lease term
Fixtures and fittings	- 12% straight line
Equipment	- 50% straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

THE PIONEER (CITY) PUB COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
PERIOD FROM 26 MARCH 2018 TO 31 MARCH 2019

3. Accounting policies *(continued)*

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

4. Turnover

Turnover arises from:

	Period from 26 Mar 18 to 31 Mar 19 £	Period from 27 Mar 17 to 25 Mar 18 £
Sale of goods	<u>3,195,590</u>	<u>2,543,785</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Operating profit

Operating profit or loss is stated after charging:

	Period from 26 Mar 18 to 31 Mar 19 £	Period from 27 Mar 17 to 25 Mar 18 £
Amortisation of intangible assets	12,671	12,432
Depreciation of tangible assets	<u>391,353</u>	<u>303,234</u>

6. Auditor's remuneration

	Period from 26 Mar 18 to 31 Mar 19 £	Period from 27 Mar 17 to 25 Mar 18 £
Fees payable for the audit of the financial statements	<u>5,100</u>	<u>6,380</u>

THE PIONEER (CITY) PUB COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
PERIOD FROM 26 MARCH 2018 TO 31 MARCH 2019

7. Staff costs

The average number of persons employed by the company during the period, including the directors, amounted to:

	31 Mar 19 No.	25 Mar 18 No.
Production staff	<u>81</u>	<u>73</u>

The aggregate payroll costs incurred during the period, relating to the above, were:

	Period from 26 Mar 18 to 31 Mar 19 £	Period from 27 Mar 17 to 25 Mar 18 £
Wages and salaries	1,063,437	947,054
Social security costs	<u>71,779</u>	<u>61,136</u>
	<u>1,135,216</u>	<u>1,008,190</u>

8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	Period from 26 Mar 18 to 31 Mar 19 £	Period from 27 Mar 17 to 25 Mar 18 £
Remuneration	<u>106,307</u>	<u>81,041</u>

9. Other interest receivable and similar income

	Period from 26 Mar 18 to 31 Mar 19 £	Period from 27 Mar 17 to 25 Mar 18 £
Interest on cash and cash equivalents	<u>683</u>	<u>212</u>

10. Interest payable and similar expenses

	Period from 26 Mar 18 to 31 Mar 19 £	Period from 27 Mar 17 to 25 Mar 18 £
Interest on banks loans and overdrafts	<u>30,882</u>	<u>23,133</u>

THE PIONEER (CITY) PUB COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
PERIOD FROM 26 MARCH 2018 TO 31 MARCH 2019

11. Tax on loss

Reconciliation of tax income

The tax assessed on the loss on ordinary activities for the period is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%).

	Period from 26 Mar 18 to 31 Mar 19	Period from 27 Mar 17 to 25 Mar 18
	£	£
Loss on ordinary activities before taxation	(43,133)	(221,938)
Loss on ordinary activities by rate of tax	(8,195)	(42,168)
Effect of expenses not deductible for tax purposes	2,408	6,228
Effect of capital allowances and depreciation	(24,481)	(21,357)
Unused tax losses	30,268	57,297
Tax on loss	—	—

Factors that may affect future tax income

The company has estimated tax losses of £775,000 (2018: £618,000) available to be carried forward and offset against future taxable profits.

12. Intangible assets

	Goodwill £
Cost	
At 26 March 2018 and 31 March 2019	100,000
Amortisation	
At 26 March 2018	18,217
Charge for the period	12,671
At 31 March 2019	30,888
Carrying amount	
At 31 March 2019	69,112
At 25 March 2018	81,783

THE PIONEER (CITY) PUB COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

PERIOD FROM 26 MARCH 2018 TO 31 MARCH 2019

13. Tangible assets

	Freehold property £	Long leasehold property £	Short leasehold property £	Fixtures and fittings £	Equipment £	Total £
Cost						
At 26 Mar 2018	782,862	1,530,674	463,583	2,007,891	19,609	4,804,619
Additions	–	27,268	–	1,281,281	1,842	1,310,391
At 31 Mar 2019	<u>782,862</u>	<u>1,557,942</u>	<u>463,583</u>	<u>3,289,172</u>	<u>21,451</u>	<u>6,115,010</u>
Depreciation						
At 26 Mar 2018	36,977	59,407	23,263	387,221	13,697	520,565
Charge for the period	15,871	31,347	16,199	322,281	5,655	391,353
At 31 Mar 2019	<u>52,848</u>	<u>90,754</u>	<u>39,462</u>	<u>709,502</u>	<u>19,352</u>	<u>911,918</u>
Carrying amount						
At 31 Mar 2019	<u>730,014</u>	<u>1,467,188</u>	<u>424,121</u>	<u>2,579,670</u>	<u>2,099</u>	<u>5,203,092</u>
At 25 Mar 2018	<u>745,885</u>	<u>1,471,267</u>	<u>440,320</u>	<u>1,620,670</u>	<u>5,912</u>	<u>4,284,054</u>

14. Stocks

	31 Mar 19 £	25 Mar 18 £
Finished goods and goods for resale	<u>63,419</u>	<u>48,014</u>

The value of stock recognised as an expense during the period was £957,292 (2018: £827,420).

15. Debtors

	31 Mar 19 £	25 Mar 18 £
Trade debtors	32,010	32,464
Prepayments and accrued income	50,749	11,256
Other debtors	394,279	331,874
	<u>477,038</u>	<u>375,594</u>

16. Creditors: amounts falling due within one year

	31 Mar 19 £	25 Mar 18 £
Bank loans and overdrafts	48,000	48,128
Trade creditors	132,667	141,632
Accruals and deferred income	137,056	87,143
Social security and other taxes	81,024	54,756
Other creditors	150,958	43,737
	<u>549,705</u>	<u>375,396</u>

See note 17 for details of secured liabilities.

THE PIONEER (CITY) PUB COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
PERIOD FROM 26 MARCH 2018 TO 31 MARCH 2019

17. Creditors: amounts falling due after more than one year

	31 Mar 19	25 Mar 18
	£	£
Bank loans and overdrafts	<u>1,516,115</u>	<u>816,124</u>

The bank loan is secured upon the properties of the company and by a fixed and floating charge over the assets of the company. The bank loan security contains a negative pledge.

18. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	31 Mar 19	25 Mar 18
	£	£
Financial assets that are debt instruments measured at amortised cost		
Financial assets that are debt instruments measured at amortised cost	<u>582,003</u>	<u>712,101</u>
Financial liabilities measured at amortised cost		
Financial liabilities measured at amortised cost	<u>1,984,796</u>	<u>1,136,764</u>

Financial assets measured at amortised cost comprise cash in hand, bank balances and other debtors.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, accruals and other creditors.

19. Called up share capital

Issued, called up and fully paid

	31 Mar 19		25 Mar 18	
	No.	£	No.	£
Ordinary shares of £1 each	48,084	48,084	48,084	48,084

20. Reserves

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Profit and loss account - This reserve records retained earnings and accumulated losses.

21. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	31 Mar 19	25 Mar 18
	£	£
Not later than 1 year	61,250	61,250
Later than 1 year and not later than 5 years	245,000	245,000
Later than 5 years	<u>1,870,313</u>	<u>1,931,563</u>
	<u>2,176,563</u>	<u>2,237,813</u>

THE PIONEER (CITY) PUB COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
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22. Related party transactions

At the period end the company was owed £239,685 (2018: £183,118) by companies under common control and with directors in common. These balances are unsecured, short term and non-interest bearing.

Key management compensation for the period, including directors was £111,938 (2018: £84,692).

In the opinion of the directors, the company is not under the control of any one party.